

A Wealth of Opportunities

Article by Thomas De Groot

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All over Europe, public institutions and private companies are deserting regions and neighbourhoods outside of the prosperous urban centres. The economic and social life of towns, outskirts, and the countryside is eroding, leading to fewer job opportunities and public services. Community wealth building is a strategy to turn this decline around by democratising the economy and centring wellbeing. Thomas De Groot explains the growing trend.

The cold storm of neoliberalism hit vulnerable urban neighbourhoods and shrinking rural regions the hardest. In the Netherlands, people living in geographically peripheral areas have lower life expectancies, poorer health, and fewer opportunities than those living in the large urban centres. Turning the tide will require much work: investments in the public good are urgently needed and certain sectors should be removed from the market and returned to collective management.

But does a collective that can reclaim those sectors even exist? How can the working class mobilise after decades of exclusion and exploitation? Democratising the economy requires a community to democratise it for. That is why a growing number of cities and regions worldwide are working with community wealth building approaches to democratise local economies and build up communities at the same time.

Community wealth building is a collective term for various tactics that can be used to build wealth within and for neighbourhoods and areas. It is about approaches that put the power of employee-owned businesses over large multinationals and that of cooperative regional banks over large financial institutions. It is about choosing a model based on decent working conditions, not precarity and flexible work, and on collective land ownership instead of large landowners. Overall, it is about a new kind of economy that cares about and provides for the community instead of serving the market.

Thanks to the success of community wealth building in the United States, we now often talk about the Cleveland model or, more recently, thanks to its success in the United Kingdom, the Preston model. But community wealth building is happening in many other places too and, since 2022, it has also become a phenomenon in Amsterdam and the rest of the Netherlands.

Inspiration from the Basque Country

History is full of inspiring lessons about how to build a democratic economy. The Mondragon Cooperatives, founded in the 1950s, consisted of various enterprises in which workers co-owned the companies they worked for. Mondragon inspired worker cooperatives all over the

world and is still one of the largest companies in Spain. Its founder, José María Arizmendiarieta, wrote a book about his experiences (an updated English version entitled *Reflections* has recently been published). During the 2007 to 2008 financial crisis, the cooperative model helped these firms through the crisis. Unemployment did not strike the Basque Country in the merciless way it did elsewhere in Spain and the tens of thousands of workers at Mondragon were mostly able to hold on to their jobs.

Over the years, solidarity between Mondragon members has proven to be a source of economic sustainability. For example, workers in one sector sometimes give up part of their wages to help another sector. Managers are only allowed to earn up to nine times as much as the lowest paid employees. Members invest their wages in their own cooperative bank, Caja Laboral, which often invests back into the cooperative.

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community to democratise it for.*

An idea that travelled across the world

Both the British and American pioneers of community wealth building were inspired by the Basque Mondragon Cooperatives. In both the UK and the US, community wealth building policies have emerged in deindustrialised cities and regions. These are places where once lively industries have been replaced by gloom and anger, the places where the media have gone to tell their stories about Brexiteers and Trump voters.

Thanks to Reaganite and Thatcherite policies, the American and British governments did not step in to replace the big companies that left in the wave of deindustrialisation. As a result, people started to build the local economy in other ways. In 2008, the Evergreen initiative started in Cleveland, Ohio, with help from the university, the municipality, and the Democracy Collaborative (a foundation set up by Ted Howard, who developed the model in the ensuing years). The city had been an industrial powerhouse for much of the 20th century but entered a serious decline in the 1990s. Cleveland's story is similar to that of many other American cities. The Evergreen Cooperatives include a laundry that cleans textiles for all local hospitals, a cooperative solar panel company, and a cooperative newspaper, the *Neighborhood Voice*. The initiative has since grown into a large network of cooperatives, from which the entire country draws inspiration.

The history of worker cooperatives shows how the movement was often born of struggle and oppression. The American civil rights struggle is another source of inspiration for the cooperative movement. The activist Fannie Lou Hamer, for example, was both a campaigner in the civil rights movement and a pioneer of the cooperative movement. To escape the dependence on the white supremacists who controlled the local economy, she started the Freedom Farm Cooperative to build economic independence for the Black community. Freeing Black people in the region from dependence on white supremacists for food also gave them political independence. They had less to fear from being thrown off their own land. Another great inspiration for the Evergreen Cooperatives was the Congress of Racial Equality, which set up worker cooperatives in Cleveland from the 1960s on.

*Community wealth building is about learning
from each other and planning the future
together.*

A few years after the emergence of the Evergreen Cooperatives in Cleveland, a similar transition happened in the UK. The town of Preston, an hour's drive away from Liverpool and Manchester, was suffering from national austerity measures in the public sector and an economic recession caused by the 2008 financial crisis. The city, like the wider region around it, struggled with rising poverty, increasing inequality, falling wages, and a lack of good jobs.

With the help of the Democracy Collaborative, who worked on the transformation of Cleveland, and of a local think tank called CLES, the city of Preston identified a group of public organisations, such as schools, that could declare themselves “anchor institutions” with major roles and responsibility for local economic revival. These organisations collectively employed thousands of people, with a total expenditure of close to a billion pounds per year. The think tank asked how much of this money ended up outside of the city's economy. It turned out that more than half of that money “leaked away” outside of the wider Preston area. Only 5 per cent was spent within the city limits. Could they improve the economic and social benefits of that spending?

A few years later, those percentages have changed dramatically. Inner city spending has grown from 5 per cent to almost 20 per cent and the money remaining in the wider region has gone from 39 per cent to almost 80 per cent. It is an impressive change for the better. While the focus is still on increasing the local economic impact of procurement and creating better jobs with better wages, Preston's community wealth building programme also relies on the incubation of co-operatives – democratic businesses that can act as alternatives to private companies.

From theory to practice

A community wealth building project begins with an analysis of the neighbourhood or the region: where is money earned, where is value extracted, and how does capital flow? The analysis also explores opportunities: communities could start a neighbourhood co-op, green areas could be converted into community gardens, properties could be bought up. This first phase consists of crucial steps to come to a shared agreement about what the real problems are. This is not an academic exercise but a community process that re-politicises power dynamics, discussing the problems that the area suffers from and coming up with new ways of talking about these problems. Not in the language of the policymakers, but in the community's own words. This process is often organised through neighbourhood assemblies.

Organising a committed group of anchor institutions is another crucial step. Anchor institutions are usually large organisations connected to the city, such as hospitals, housing corporations, community colleges, power plants, and ports. In a democratic and solidarity-based local economy, you need “anchors” that can catalyse new activity, make the entire

district more prosperous, and increase wellbeing. Recruiting local staff and buying goods and services locally can be a driving force for renewed economic development in a neighbourhood, for example. But first, you have to work with these organisations to map the capital flows and the leaks in the ecosystem, where collectively created value is being extracted.

After these initial steps, the government also needs to show its commitment. They can do this in multiple ways. For instance, they could set up incubator programmes for cooperatives in the region. An incubator helps motivated groups to become co-ops and win tenders (think of green space maintenance or social support). The incubator in this case is a learning platform as well as a knowledge centre. A third component is the municipality or province that actively promotes new development in a neighbourhood. For example, by setting up a new community centre, entrusting vacant houses to a neighbourhood collective, or buying up pieces of land and contracting out services to social initiatives.

The government could also embrace the transformation from working with public-private partnerships to public-civic partnerships. Public-civic partnerships are about government working with a citizens' collective instead of with a company. This means that public money flows to the community instead of going to shareholders. And just like in public-private partnerships, the government takes an active role in a public-civic partnership, as a launching customer or shareholder. Another way of guaranteeing the rights of citizen collectives is to introduce neighbourhood rights and neighbourhood platform rights. Neighbourhood platform rights grant movements from the neighbourhood or region more power in decision-making, for example by receiving a permanent place on the municipal council. Rights such as the right to challenge, mean that a local co-op or foundation is given priority in tenders.

Local government could also kickstart the introduction of an alternative currency in the community economy, to determine where people can spend this currency (for example the local bicycle repair shop or the neighbourhood supermarket) and where they can earn it (for example through voluntary work in the community centre). Neighbourhood coins are a good way to organise local activities and sufficiency in a regenerative manner. To sustain local autonomy, funding relationships with outside funders will probably be necessary. That is why the local government could help set up funding circles, with large-scale institutional funders and philanthropists. When local initiatives reach out to funders they are often unsuccessful, but when the government is on board as a partner, funders show a much greater interest.

Funding streams need to become more circular, and that is why the government should help set up a local cooperative bank with seed capital from the government. This cooperative bank can become the ally of the cooperative economy in the region, providing low-threshold loans for cooperative start-ups and associations, and bringing land and property into collective ownership.

Spreading the wealth

Amsterdam city council began experimenting with community wealth building in 2020, supported by the Commons Network think tank. Working in three vulnerable neighbourhoods, with social movements from these neighbourhoods, these pilots served to

plant seeds among neighbourhood collectives and civil servants. Could we imagine a long-term programme to reshape the local economy? What role would government have? How can we make sure that local collectives, with their neighbourhood assemblies and their existing social networks, are allowed to take centre-stage in such a redevelopment?

Just a few years on, the method is gaining traction within the Dutch government, which has plans to adopt it as part of the National Programme for Quality of Life and Safety regional development schemes, run by the Ministry of the Interior and the Ministry of Agriculture. Villages and regions across the country will start experimenting with community wealth building. In Amsterdam, the city is planning to implement the approach in the three most vulnerable areas of the city: New West, Southeast and North.

The success of community wealth building relies on the assertiveness of community groups, local civil society and government. Most of all, it is about learning from each other and planning the future together. That is why it is crucial to develop a programme together, in which stakeholders from all walks of life can learn, become inspired and feel comfortable to develop new ideas for the future of the region or the neighbourhood. What will be the new story of our town? What if we could do more, what if there are many alternatives? Asking these questions may reveal just how many people have forgotten how to dream, or even forgotten that they are allowed to dream.



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